



## Illinois Department of Revenue

### **FISCAL NOTE** **Senate Bill 2093, HAM 002** **Executive Summary**

- This fiscal note for SB2093, HAM002, reflects only the proposed University Town Center (UTC) project in Glen Carbon and does not reflect the fiscal impact of other potential STAR bond developments enabled by this legislation.
- Based on data received from the developers, we estimate that between \$450 million and \$525 million in annual sales will be displaced from the surrounding communities to stores in the STAR bond district once the development is completed.
- We estimate state sales tax generated in UTC's first fully operational year and pledged for the purpose of repaying STAR bonds at between \$19 million and \$30 million.
- We estimate aggregate local sales tax generated in UTC's first fully operational year and pledged for the purpose of repaying STAR bonds at \$24 million.
- We estimate that the combined state and local sales tax available to repay STAR bonds will be between \$43 million and \$54 million in UTC's first fully operational year.
- Over the first 20 years of UTC's operation, the state sales tax available to repay STAR bonds will be between \$456 million and \$729 million, while the aggregate local sales tax available to repay STAR bonds reaches almost \$600 million over the same period.
- We estimate that the combined state and local sales tax available for debt repayment over a 20-year period at between \$1.0 billion and \$1.3 billion. This range represents the potential tax subsidy for the UTC development.
- UTC will have both positive and negative state revenue effects during the duration of the STAR bond district.
- We estimate a state revenue gain of \$40 million during UTC's construction phase and then annual revenue losses thereafter caused by the displacement of taxable sales from outside of UTC to inside UTC. After a few years of UTC operation, the losses from displaced taxable sales erode the early gain from the construction phase.
- If the full increment is used to pay debt service for 15 years, then the aggregate net state revenue loss over this period is between -\$42 million and -\$178 million. If 20 years, then the aggregate net state revenue loss over this period is between -\$75 million and -\$267 million.



## Illinois Department of Revenue

### FISCAL NOTE

#### Summary

- The STAR bonds proposal in SB2093, HAM002, has so far been centered on a specific development proposed for Glen Carbon, Illinois, namely, University Town Center (UTC). This fiscal note reflects only the UTC project and does not reflect the fiscal impact of other STAR bonds projects enabled by this legislation.
- The sales tax increment is the amount of state and local sales tax revenue from the STAR bonds district that can be used to pay debt service on STAR bonds. State sales tax only from destination and entertainment tenants will be pledged to pay debt service on STAR bonds, but all designated local sales tax<sup>1</sup>—including local sales tax from non-destination and non-entertainment tenants—will be pledged to pay debt service on STAR bonds.
- To account for the state increment's sensitivity to changes in the destination and entertainment tenant share of taxable sales, we consider three scenarios in which destination and entertainment tenants together generate 50 percent, 65 percent, or 80 percent of the taxable sales. All estimates below are therefore presented as ranges resulting from the three scenarios.
- The state sales tax increment in UTC's first fully operational year will be between \$19 million and \$30 million. The aggregate local sales tax increment in UTC's first fully operational year, assuming all designated local tax rates are in effect, will be \$24 million, for a combined state and local sales tax increment of between \$43 million and \$54 million in UTC's first fully operational year. Over the first 20 years of UTC's operation, the state sales tax increment will be between \$456 million and \$729 million, while the aggregate local sales tax increment reaches almost \$600 million over the same period. The combined state and local sales tax increment over the same 20-year period ranges between \$1.0 billion and \$1.3 billion.
- We currently do not have sufficient information to determine to what extent the increment in any one year will be used for debt service or for how many years the increment will be used short of the maximum 23-year to 35-year term. Until additional and detailed information on development costs and bonding plans can be obtained, the best we can provide is an estimate of how much state and local sales tax will be available to use for debt service over the period in question.
- UTC will have both positive and negative state revenue effects during the duration of the STAR bond district. The negative revenue effects occur because taxable sales will be displaced from surrounding markets in which state government receives all of the state sales tax to UTC in which state government receives only a portion of the state sales tax. The UTC developers' economic impact study assumed approximately 85 percent of sales at traditional retailers at UTC would have occurred elsewhere in Illinois in the absence of UTC, and

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<sup>1</sup> The local increment does not include any taxes authorized pursuant to the Local Mass Transit District Act, the Metro-East Park and Recreation District Act, the Flood Prevention District Act, or any local sales taxes that are, at the time of formation of a STAR bond district, already subject to tax increment financing under the Tax Increment Allocation Redevelopment Act.

approximately 55 percent of sales at destination retailers at UTC would have occurred elsewhere in Illinois in the absence of UTC. The positive effects come from UTC's construction, new jobs and associated income, and new taxable spending.

- The net state revenue impact varies over time. We estimate a state revenue gain of \$40 million during UTC's construction phase and then annual revenue losses thereafter caused by the displacement of taxable sales from outside of UTC to inside UTC. The annual displacement losses are not offset by the annual tax revenue gains from new taxable spending, new income taxes, new hotel taxes, and new utility taxes associated with UTC. After a few years of UTC operation, the losses from displaced taxable sales erode the early gain from the construction phase.
- The duration and depth of this negative revenue impact is unknown because it depends on how long the state sales tax increment is used for debt service. The longer the increment is used, the larger the net revenue impact will be over the debt service period. If the full increment is used to pay debt service for 15 years, then the aggregate net state revenue loss over this period is between -\$42 million and -\$178 million. If 20 years, then the aggregate net state revenue loss over this period is between -\$75 million and -\$267 million.

## **I. The State and Local Sales Tax Increment**

The sales tax increment is the amount of state and local sales tax revenue from the STAR bonds district that can be used to pay debt service on STAR bonds. Under the terms of SB2093, HAM 002, "State sales tax increment" means that portion of the state sales tax that is in excess of the state sales tax for the same month in the base year, as determined by the Illinois Department of Revenue, from transactions at destination tenants and entertainment tenants located within a STAR bond district. "Local sales tax increment" means, with respect to local sales taxes administered by the Illinois Department of Revenue, that portion of the local sales tax paid by any tenant—not just destination or entertainment tenants—that is in excess of the local sales tax paid by any tenant the same month in the base year, as determined by the Illinois Department of Revenue. The local increment does not include any taxes authorized pursuant to the Local Mass Transit District Act, the Metro-East Park and Recreation District Act, or the Flood Prevention District Act for so long as the applicable taxing district does not impose a tax on real property or any local sales taxes that are, at the time of formation of a STAR bond district, already subject to tax increment financing under the Tax Increment Allocation Redevelopment Act.

This means that the state and local sales tax increment is a function of (A) the level of spending in the STAR bonds district subject to state and local sales tax, (B) the state sales tax rate and the percentage of taxable spending generated by destination and entertainment tenants, and (C) the applicable local sales tax rates in effect in the STAR bonds district.

### **(A) Taxable Spending at UTC**

Materials provided by the developers of UTC estimate \$1 billion in annual sales at UTC in the first fully operational year. Since the district will include a mix of tenants, some selling services that are not subject to state and local sales tax (e.g., admissions, lodging charges), we assume 75 percent of UTC sales will be general merchandise sales subject to sales tax. This percentage is based on the mix of tenants that the developers' have proposed for UTC and on Illinois Department of Revenue tax returns filed by the sort of tenants proposed for UTC. Our

calculations assume 2 percent annual growth in taxable sales at UTC after the first fully operational year.

Our calculations estimate the state and local sales tax increment annually for a period of 20 years. The maximum maturity of STAR bonds issued to finance a STAR bond development shall not exceed 23 years, unless the political subdivision, i.e., the municipality or county that established the STAR bonds district, extends such maturity by resolution up to a maximum of 35 years.

Since the proposed site of UTC is virtually undeveloped and not generating any sales tax currently, the base year amount of sales tax used in calculating the increments is zero.

#### (B) State Sales Tax Rate and the Share of Taxable Sales from Destination/Entertainment Tenants

The state sales tax rate is 5 percent, but not all revenue from this rate can be used to pay debt service on STAR bonds.<sup>2</sup> Only state sales tax from designated destination and entertainment tenants, as defined in SB2093, HAM002, can be used for debt service. State sales tax from non-destination and non-entertainment tenants will go to state government. Consequently, the state increment will vary depending on the overall percentage of taxable sales made by destination and entertainment tenants. The state increment increases as more taxable sales come from destination and entertainment tenants.

To account for the state increment's sensitivity to changes in the destination and entertainment tenant share, we consider three scenarios in which destination and entertainment tenants together generate 50 percent, 65 percent, or 80 percent of the taxable sales. The balance of taxable sales in each scenario is generated by non-destination and non-entertainment tenants.

This range reflects our best attempt to forecast the composition of tenants at UTC. We began with information on the developers' proposed tenants for UTC. This information is very general, listing proposed tenants by type (e.g., destination anchor tenant, or home improvement store) and size. This proposed tenant list did not include an amusement park, and recent public comments by the developers have proposed a large-scale amusement park as part of UTC, so we added a large-scale amusement park to the tenant list. We then combined said tenant information with publicly available sales data and Illinois Department of Revenue tax return data for establishments that would reasonably meet the proposed tenant descriptions. This approach suggested at least 65 percent of the taxable sales at UTC would come from destination and entertainment tenants. We generated alternate scenarios by adding and subtracting 15 percentage points from this original estimate.

#### (C) Local Sales Tax Rates

Our estimate includes the 1.0 percent municipal share of the statewide base rate, the 0.25 percent county share of the statewide base rate, a 1.0 percent business district tax, and a 1.0

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<sup>2</sup> The statewide base sales tax rate in Illinois is 6.25 percent, but state government retains only 80 percent of the revenue from this tax. This means the tax rate for state government is 80 percent of 6.25 percent, which equals 5 percent. The remaining 20 percent of revenue from the 6.25 percent base rate—equivalent to a tax rate of 1.25 percent—is distributed to local governments.

percent STAR bond district tax, the latter being a provision of SB2093, HAM002. We assume all these local rates will be in effect in the district and will contribute to the local increment. Since the local increment is generated by all taxable sales in the district—not just by destination or entertainment tenant sales—the local increment does not change under our three scenarios.

#### **(D) The Size of the Sales Tax Increment**

The state sales tax increment in the first fully operational year will be between \$19 million and \$30 million. The aggregate local sales tax increment in the first fully operational year, assuming all designated tax rates are in effect, will be \$24 million, for a combined state and local sales tax increment of between \$43 million and \$54 million in the first fully operational year. Over the first 20 years of UTC's operation, the state sales tax increment will be between \$456 million and \$729 million, while the aggregate local sales tax increment reaches almost \$600 million. The combined state and local sales tax increment over the same 20 year period ranges between \$1.0 billion and \$1.3 billion. See Tables 1, 2, and 3 at the end of this document for a summary of annual results for each scenario, including a breakdown of the local increment for each applicable local tax rate.

We currently do not have sufficient information to determine to what extent the increment in any one year will be used for debt service or for how many years the increment will be used short of the maximum 23-year to 35-year term. These answers would depend on the development's total costs, on the amount of bonds issued, on how bond repayment is structured, and on the interest rate for the bonds, which itself is a function of several factors, including the credit rating of the local government issuing the debt and whether any particular bond offering is tax-exempt or taxable. We currently have only the most limited information on proposed development costs, and this information is not only outdated but also incomplete given the addition of a large-scale amusement park to the UTC plan. We have no information about the planned bond issues. Until additional information on the relevant variables can be obtained, the best we can provide is an estimate of how much state and local sales tax will be available to use for debt service over the period in question.

## **II. Estimated Net State Revenue Impact**

UTC will have both positive and negative state revenue effects during the duration of the STAR bond district, with the net impact on state revenue being the result of these combined effects. The starting point for our net revenue calculations is an economic impact study of UTC commissioned by the UTC developers. Our conclusion is that UTC will have a net negative impact on state revenue in years in which the state increment is used for debt service. However, this impact is not constant over time. There will be an early net positive impact in the construction phase from construction spending and associated employment, but a net negative impact thereafter once UTC is operational and as taxable sales are displaced from outside of the district.

As above, to account for the state revenue impact's sensitivity to changes in the destination and entertainment tenant share of taxable sales, we consider three scenarios in which destination and entertainment tenants together generate 50 percent, 65 percent, or 80 percent of the taxable sales.

## (A) Negative Effects

### (1) Sales Displacement

The economic impact study of UTC commissioned by the UTC developers states that not all sales at UTC will be new sales, meaning that some of the sales would have occurred elsewhere in Illinois in the absence of UTC. This is a documented aspect of new retail developments, which can initiate a process whereby some retail activity is redistributed from existing, older markets to the new market.<sup>3</sup> In other words, once UTC is operational, sales will be displaced to UTC from areas outside of UTC.

Questions submitted to the authors of the UTC economic impact study found that the study assumed over 90 percent of sales at smaller traditional retailers (i.e., non-destination and non-entertainment retailers) at UTC would have occurred elsewhere in Illinois in the absence of UTC, approximately 80 percent of sales at larger traditional retailers at UTC would have occurred elsewhere in Illinois in the absence of UTC, and between 50 percent and 60 percent of sales at destination retailers at UTC would have occurred elsewhere in Illinois in the absence of UTC. The authors could not provide a single aggregate figure for the entire development. However, these assumptions, when weighted against our three scenarios that assume 50 percent to 80 percent of district sales subject to sales tax will be made by destination and entertainment retailers, suggest that approximately 61 percent to 70 percent of taxable sales at UTC will be displaced from elsewhere in Illinois. See Table 4 for a summary of how these weighted percentages were calculated.

As sales are displaced from surrounding markets in which state government receives all of the state sales tax to UTC in which state government receives only a portion of the state sales tax, state government foregoes revenue that it would have received in the absence of UTC and its STAR bond district. The foregone state sales tax revenue from sales displacement among destination and entertainment tenants will be at least \$10 million to \$17 million annually during years in which the state increment is used for debt service. As with the state increment calculations above, this assumes that UTC will have \$1 billion in sales in its first fully operational year, that 75 percent of these sales will be subject to sales tax, and that taxable sales will grow 2 percent annually.

Please note that we do not account for the possibility that jobs and their associated income will be lost outside of UTC because of sales displacement and its negative effect on outside Illinois businesses. To the extent that this occurs, the negative state revenue effects will be larger.

## (B) Positive Effects

### (1) Construction

UTC's construction phase will generate state tax revenue through new jobs and associated income, new taxable construction spending, and new taxable spending induced by the new income. Based on the construction spending and jobs outlined in the economic impact study, we estimate the state revenue gain from the construction phase could be \$40 million. This includes

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<sup>3</sup> "An Assessment of the Effectiveness and Fiscal Impacts of the Use of Local Development Incentives in the St. Louis Region." A report prepared by the East-West Gateway Council of Governments, January 2009.

income tax from new jobs (i.e., only jobs that would not have been created but for the construction), sales tax from taxable construction expenditures, induced taxable spending from the new construction employment, as well as related motor fuel tax and utility taxes. Note that our calculations assume all associated income and spending will be subject to Illinois taxes alone. To the extent that the income and spending is taxed by other states, as could happen, for example, if taxable materials are purchased and taxed across the border in Missouri, the estimated revenue gain from construction could be significantly lower.

## (2) Operational Gains

### (a) New Taxable Sales at UTC

If not all of the taxable sales at UTC are displaced from elsewhere in Illinois, then some sales must be new sales, i.e., sales that would not have occurred in Illinois but for the development. As noted in the discussion above, the UTC economic impact study assumes approximately 15 percent of the sales at traditional retailers (i.e., non-destination and non-entertainment tenants) will be new sales, and we assume in our three scenarios that between 20 percent and 50 percent of taxable UTC sales will be generated by non-destination and non-entertainment retailers. Since state sales tax from non-destination and non-entertainment tenants will flow to state government, the new sales from the non-destination and non-entertainment tenant component constitute a state revenue gain. The state revenue gain from these new sales is \$1 million to \$3 million in the first fully operational year, growing thereafter, we assume, at a rate of 2 percent annually.

### (b) Income Tax and Sales Tax from New UTC Employment

New jobs will generate new state income tax and will induce new taxable spending. Based on the new jobs projected by the UTC economic impact study, we estimate the state income tax gain at just over \$1 million in the first fully operational year. We assume 2 percent annual growth thereafter. These estimates assume an average annual income of \$25,000 in the first fully operational year—consistent with the retail sales jobs that will accompany UTC—and average annual wage growth of 2 percent. The estimates also reflect a 3 percent tax rate and the fact that 10 percent of the yield goes to local governments instead of state government.

We estimate the state sales tax gain from induced taxable spending at approximately \$600,000 in the first fully operational year. We assume 2 percent annual growth thereafter. This estimate assumes 30 percent of income is spent on goods subject to the full effective rate of Illinois state sales tax.

Please note that we do not account for the possibility that jobs and their associated income will be lost outside of UTC because of sales displacement and its negative effect on outside Illinois businesses. To the extent that this occurs, the negative state revenue effects will be larger and will offset a larger portion of any revenue gains.

### (c) Other State Taxes

UTC as proposed will include several hotels, the charges at which will be subject to the state Hotel Operators' Occupation Tax. Questions submitted to the authors of the UTC economic

impact study found that the study assumed between 50 percent and 60 percent of transactions at hotels at UTC would have otherwise occurred elsewhere in Illinois. We estimate the state revenue gain from the new hotel transactions—40 percent to 50 percent of the total transactions—at approximately \$700,000 in the first fully operational year. We assume 2 percent annual growth thereafter.

UTC tenants will be subject to state utility taxes. Based on the proposed size of the development, as described in materials prepared by the UTC developers, and commercial sector energy consumption statistics from the U.S. Department of Energy's Energy Information Administration, we estimate the state revenue gain from the new utility taxes at approximately \$400,000 in the first fully operational year. We hold this gain constant thereafter, assuming any price increases will be offset by energy efficiency gains.

### (3) Net State Revenue Impact

The net state revenue impact varies over time. We estimate a state revenue gain of \$40 million during UTC's construction phase and then annual revenue losses thereafter caused by the displacement of taxable sales from outside of UTC to inside UTC. The annual displacement losses are not offset by the annual tax revenue gains from new taxable spending, new income taxes, new hotel taxes, and new utility taxes associated with UTC. After a few years of UTC operation, the losses from displaced taxable sales erode the early gain from the construction phase.

The duration and depth of this negative revenue impact is unknown because it depends on how long the state sales tax increment is used for debt service. As we stated above in the section on the sales tax increment, we currently do not have sufficient information to determine how many years the increment will be used short of the maximum. The longer the increment is used, the larger the net revenue impact will be over the debt service period. If the full increment is used to pay debt service for ten years, the aggregate net state revenue loss over this period is between -\$12 million and -\$98 million. If 15 years, then the aggregate net state revenue loss over this period is between -\$42 million and -\$178 million. If 20 years, then the aggregate net state revenue loss over this period is between -\$75 million and -\$267 million. These ranges reflect our three scenarios in which destination and entertainment tenants together generate 50 percent, 65 percent, or 80 percent of the taxable sales. Tables 5, 6, and 7 at the end of this document summarize the estimated annual and cumulative state revenue impacts.



Table 1 - State and Local Sales Tax Increment – University Town Center – (\$ millions)							50% Destination/Ent. Scenario		
<u>Year of UTC Operation</u>	<u>Taxable UTC Sales</u>	<u>Taxable UTC Sales at Dest./Ent. Tenants</u>	<u>State Increment</u>	<u>1% Municipal</u>	<u>0.25% County</u>	<u>1% Business District</u>	<u>1% STAR Bond District</u>	<u>Local Increment</u>	<u>State &amp; Local Increment</u>
1	750	375	19	8	2	8	8	24	43
2	765	383	19	8	2	8	8	25	44
3	780	390	20	8	2	8	8	25	45
4	796	398	20	8	2	8	8	26	46
5	812	406	20	8	2	8	8	26	47
6	828	414	21	8	2	8	8	27	48
7	845	422	21	8	2	8	8	27	49
8	862	431	22	9	2	9	9	28	50
9	879	439	22	9	2	9	9	29	51
10	896	448	22	9	2	9	9	29	52
11	914	457	23	9	2	9	9	30	53
12	933	466	23	9	2	9	9	30	54
13	951	476	24	10	2	10	10	31	55
14	970	485	24	10	2	10	10	32	56
15	990	495	25	10	2	10	10	32	57
16	1,009	505	25	10	3	10	10	33	58
17	1,030	515	26	10	3	10	10	33	59
18	1,050	525	26	11	3	11	11	34	60
19	1,071	536	27	11	3	11	11	35	62
20	1,093	546	27	11	3	11	11	36	63
Total			456	182	46	182	182	592	1,048
Average			23	9	2	9	9	30	52

1. Totals might not sum due to rounding.  
 2. The amounts in each year are for that year only. For multi-year totals, sum the desired years.

**Table 2 - State and Local Sales Tax Increment – University Town Center – (\$ millions)** **65% Destination/Ent. Scenario**

<u>Year of UTC Operation</u>	<u>Taxable UTC Sales</u>	<u>Taxable UTC Sales at Dest./Ent. Tenants</u>	<u>State Increment</u>	<u>1% Municipal</u>	<u>0.25% County</u>	<u>1% Business District</u>	<u>1% STAR Bond District</u>	<u>Local Increment</u>	<u>State &amp; Local Increment</u>
1	750	488	24	8	2	8	8	24	49
2	765	497	25	8	2	8	8	25	50
3	780	507	25	8	2	8	8	25	51
4	796	517	26	8	2	8	8	26	52
5	812	528	26	8	2	8	8	26	53
6	828	538	27	8	2	8	8	27	54
7	845	549	27	8	2	8	8	27	55
8	862	560	28	9	2	9	9	28	56
9	879	571	29	9	2	9	9	29	57
10	896	583	29	9	2	9	9	29	58
11	914	594	30	9	2	9	9	30	59
12	933	606	30	9	2	9	9	30	61
13	951	618	31	10	2	10	10	31	62
14	970	631	32	10	2	10	10	32	63
15	990	643	32	10	2	10	10	32	64
16	1,009	656	33	10	3	10	10	33	66
17	1,030	669	33	10	3	10	10	33	67
18	1,050	683	34	11	3	11	11	34	68
19	1,071	696	35	11	3	11	11	35	70
20	1,093	710	36	11	3	11	11	36	71
Total			592	182	46	182	182	592	1,184
Average			30	9	2	9	9	30	59

1. Totals might not sum due to rounding.
2. The amounts in each year are for that year only. For multi-year totals, sum the desired years.

**Table 3 - State and Local Sales Tax Increment – University Town Center – (\$ millions)** **80% Destination/Ent. Scenario**

<u>Year of UTC Operation</u>	<u>Taxable UTC Sales</u>	<u>Taxable UTC Sales at Dest./Ent. Tenants</u>	<u>State Increment</u>	<u>1% Municipal</u>	<u>0.25% County</u>	<u>1% Business District</u>	<u>1% STAR Bond District</u>	<u>Local Increment</u>	<u>State &amp; Local Increment</u>
1	750	600	30	8	2	8	8	24	54
2	765	612	31	8	2	8	8	25	55
3	780	624	31	8	2	8	8	25	57
4	796	637	32	8	2	8	8	26	58
5	812	649	32	8	2	8	8	26	59
6	828	662	33	8	2	8	8	27	60
7	845	676	34	8	2	8	8	27	61
8	862	689	34	9	2	9	9	28	62
9	879	703	35	9	2	9	9	29	64
10	896	717	36	9	2	9	9	29	65
11	914	731	37	9	2	9	9	30	66
12	933	746	37	9	2	9	9	30	68
13	951	761	38	10	2	10	10	31	69
14	970	776	39	10	2	10	10	32	70
15	990	792	40	10	2	10	10	32	72
16	1,009	808	40	10	3	10	10	33	73
17	1,030	824	41	10	3	10	10	33	75
18	1,050	840	42	11	3	11	11	34	76
19	1,071	857	43	11	3	11	11	35	78
20	1,093	874	44	11	3	11	11	36	79
Total			729	182	46	182	182	592	1,321
Average			36	9	2	9	9	30	66

1. Totals might not sum due to rounding.

2. The amounts in each year are for that year only. For multi-year totals, sum the desired years.

<b>Table 4 – Weighted Percentage of Sales Displaced from Elsewhere in Illinois – University Town Center</b>			
<b><u>50% Destination/Ent. Scenario</u></b>	<b>Dest. &amp; Ent. Retailers</b>	<b>Non-Dest. &amp; Non-Ent. Retailers</b>	
Percentage of Sales Displaced from Elsewhere in Illinois*	55%	85%	
Percentage of Taxable Sales at UTC	50%	50%	<b><u>All UTC</u></b>
Weighted Percentage of Sales Displaced from Elsewhere in Illinois	28%	43%	70%
<b><u>65% Destination/Ent. Scenario</u></b>	<b>Dest. &amp; Ent. Retailers</b>	<b>Non-Dest. &amp; Non-Ent. Retailers</b>	
Percentage of Sales Displaced from Elsewhere in Illinois*	55%	85%	
Percentage of Taxable Sales at UTC	65%	35%	<b><u>All UTC</u></b>
Weighted Percentage of Sales Displaced from Elsewhere in Illinois	36%	30%	66%
<b><u>80% Destination/Ent. Scenario</u></b>	<b>Dest. &amp; Ent. Retailers</b>	<b>Non-Dest. &amp; Non-Ent. Retailers</b>	
Percentage of Sales Displaced from Elsewhere in Illinois*	55%	85%	
Percentage of Taxable Sales at UTC	80%	20%	<b><u>All UTC</u></b>
Weighted Percentage of Sales Displaced from Elsewhere in Illinois	44%	17%	61%
*Percentage reflects assumptions used in an economic impact study of UTC commissioned by the UTC developers.			

Table 5 - State Revenue Impact – (\$ millions)					50% Destination/Ent. Scenario	
# of Years Sales Tax Increment Used for Debt Service	State Sales Tax Loss from Displaced Sales	State Sales Tax Gain from New UTC Sales	State Tax Gains from New UTC Employment*	State Tax Gains from Hotel and Utility Taxes	Annual Net State Revenue, Excluding \$40M Construction Gain	Cumulative Net State Revenue Including \$40M Construction Gain
1	-10	3	2	1	-5	35
2	-11	3	2	1	-5	31
3	-11	3	2	1	-5	26
4	-11	3	2	1	-5	21
5	-11	3	2	1	-5	16
6	-11	3	2	1	-5	10
7	-12	3	2	1	-5	5
8	-12	3	2	1	-5	0
9	-12	3	2	1	-6	-6
10	-12	3	2	1	-6	-12
11	-13	3	2	1	-6	-17
12	-13	3	2	1	-6	-23
13	-13	4	2	1	-6	-29
14	-13	4	2	1	-6	-35
15	-14	4	2	1	-6	-42
16	-14	4	2	1	-6	-48
17	-14	4	2	1	-7	-55
18	-14	4	2	1	-7	-61
19	-15	4	2	1	-7	-68
20	-15	4	3	1	-7	-75

\*Includes income tax and sales tax gains.

Table 6 - State Revenue Impact – (\$ millions)					65% Destination/Ent. Scenario	
# of Years Sales Tax Increment Used for Debt Service	State Sales Tax Loss from Displaced Sales	State Sales Tax Gain from New UTC Sales	State Tax Gains from New UTC Employment*	State Tax Gains from Hotel and Utility Taxes	Annual Net State Revenue, Excluding \$40M Construction Gain	Cumulative Net State Revenue Including \$40M Construction Gain
1	-13	2	2	1	-9	31
2	-14	2	2	1	-9	23
3	-14	2	2	1	-9	14
4	-14	2	2	1	-9	4
5	-15	2	2	1	-9	-5
6	-15	2	2	1	-10	-14
7	-15	2	2	1	-10	-24
8	-15	2	2	1	-10	-34
9	-16	2	2	1	-10	-44
10	-16	2	2	1	-10	-55
11	-16	2	2	1	-11	-65
12	-17	2	2	1	-11	-76
13	-17	2	2	1	-11	-87
14	-17	3	2	1	-11	-98
15	-18	3	2	1	-11	-110
16	-18	3	2	1	-12	-122
17	-18	3	2	1	-12	-134
18	-19	3	2	1	-12	-146
19	-19	3	2	1	-12	-158
20	-20	3	3	1	-13	-171

\*Includes income tax and sales tax gains.

Table 7 - State Revenue Impact – (\$ millions)					80% Destination/Ent. Scenario	
# of Years Sales Tax Increment Used for Debt Service	State Sales Tax Loss from Displaced Sales	State Sales Tax Gain from New UTC Sales	State Tax Gains from New UTC Employment*	State Tax Gains from Hotel and Utility Taxes	Annual Net State Revenue, Excluding \$40M Construction Gain	Cumulative Net State Revenue Including \$40M Construction Gain
1	-17	1	2	1	-13	27
2	-17	1	2	1	-13	15
3	-17	1	2	1	-13	2
4	-18	1	2	1	-13	-12
5	-18	1	2	1	-14	-25
6	-18	1	2	1	-14	-39
7	-19	1	2	1	-14	-53
8	-19	1	2	1	-14	-68
9	-19	1	2	1	-15	-83
10	-20	1	2	1	-15	-98
11	-20	1	2	1	-15	-113
12	-21	1	2	1	-16	-129
13	-21	1	2	1	-16	-145
14	-21	1	2	1	-16	-161
15	-22	1	2	1	-17	-178
16	-22	2	2	1	-17	-195
17	-23	2	2	1	-17	-212
18	-23	2	2	1	-18	-230
19	-24	2	2	1	-18	-248
20	-24	2	3	1	-18	-267

\*Includes income tax and sales tax gains.